Government of Saskatchewan

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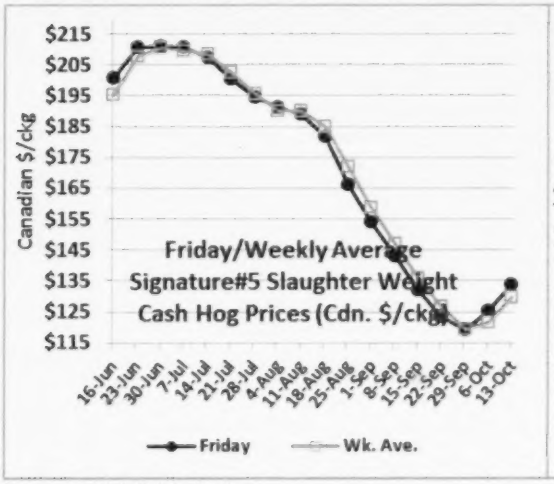
Weekly Hog Report

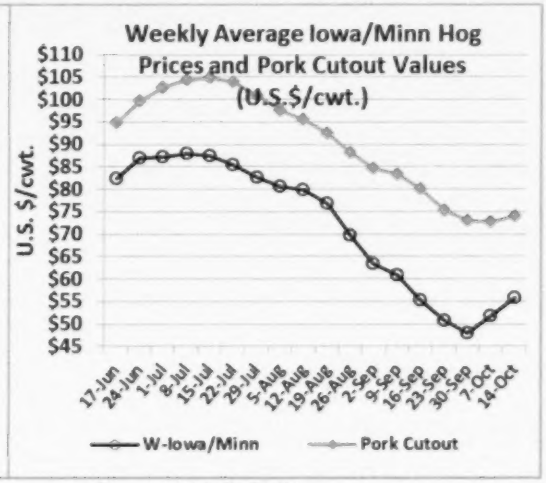
October 16, 2017

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (Iowa/Minn) continued higher last week with prices moving higher, week-over- week. Hog prices on Friday October 13 averaged US$58.13 per cwt, up US$4.08 per cwt or 7.5 per cent from US$54.05 per cwt the previous Friday. The negotiated weekly base price last week averaged US$55.67 per cwt, up US$4.05 per cwt or 7.8 per cent from US$51.62 per cwt the previous week.



Source: HAMS Marketing

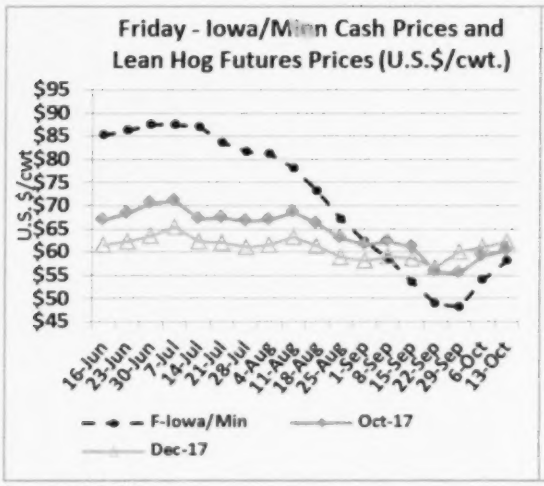


Source: LMIC, CME

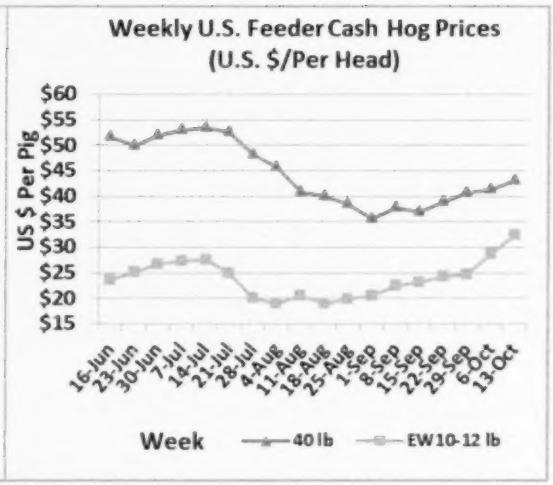
In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday October 13, 2017 was $133.71 per ckg, up $8.44 per ckg or 6.7 per cent from $125.27 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $129.65 per ckg, up $8.04 per ckg or 6.6 per cent from the previous weeks' average price of $121.61 per ckg. The Canadian dollar compared to the U.S. dollar settled last Friday at 80.08 cents, up 0.39 cents from 79.69 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were mixed last week but managed to edge higher, week-over-week. The nearby October lean hog futures contract increased US$1.125 per cwt to settle last Friday at US$60.400 per cwt; while the December contract increased US$1.275 per cwt to settle last Friday at US$62.20 per cwt.



Source: LMIC



Source: USDA

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices moved higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$32.38 per head, up US$3.66 per head or 12.7 per cent from US$28.72 per head the previous week. Feeders (40lb) averaged US$43.14 per head, up US$1.76 per head or 4.2 per cent from US$41.38 per head, the previous week.

Iowa cash corn prices settled last Friday at US$3.05 per bushel, up three cents from US$3.02 per bushel the previous Friday. Daily corn futures were mixed last week with prices edging higher, weak-over-week. The December corn contract increased 2 ¾ cents to settle last Friday at US$3.52 ¾ per bushel. The March 2018 corn contract increased 3½ cents to settle last Friday at US$3.66 ½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending October 13 were estimated at 2.516 million head, down 0.3 per cent from 2.524 million head the previous week, but up 9.2 per cent from 2.305 million head the same week a year ago. Weekly hog slaughter numbers were about the seventh largest kill on record over the last 30 years. Weekly U.S. hog slaughter numbers over the last four weeks have averaged just over 2.516 million head, up 4.2 per cent from 2.414 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter Canadian holiday week ending October 6, 2017 were estimated at 403,434 head, down 9.1 per cent from 444,030 head the previous week, and down 5.7 per cent from 427,724 head the same week a year ago. Canadian hog slaughter numbers over the last eight weeks averaged 417,627 head, up 0.7 per cent from 414,631 head over the same period a year ago. Year-to-date, Canadian hog slaughter numbers totaled 16,528,494 head, up 1.8 per cent from the same period a year ago. (Source: AAFC/CFIA)

Meat Production

U.S. pork production for the week ending October 14, 2017 was estimated at 529.9 million lb., down 0.4 per cent from 531.9 million lb. the previous week, but up 9.3 per cent from 485.0 million lb. the same week a year ago. Pork production over the last four week's ending October 14 was estimated to average 530.0 million lb., up 4.6 per cent from 506.9 million lb. over the same four week period a year ago.

U.S. beef production for the week ending October 14 was estimated at 514.4 million lb., down 1.6 per cent from 522.8 million lb. the previous week, but up 1.6 per cent from 506.1 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending October 7, 2017, was estimated to average 2.225 billion lb., up 3.0 per cent from 2.160 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2017 is estimated to be up 2.3 per cent compared to the same period in 2016.

United States Weekly Meat Production

(Oct. 7) Four Week Average - Million Lb.			Percent Change	
	2016	2017	4 Week	YTD 2017
Pork	509.5	527.1	3.4%	2.9%
Beef	509.3	530.2	4.1%	4.5%
Chicken	1,010.4	1,034.9	2.4%	1.1%
Turkey	130.7	132.4	1.4%	0.3%
Total	**2,159.9**	**2,224.6**	**2.99%**	**2.26%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending October 13, 2017 averaged US$73.84 per cwt, up US$1.12 per cwt from US$72.72 per cwt the previous week; and up 1.4 per cent from US$72.84 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending October 13, 2017 averaged US$197.50 per cwt over the week, up slightly from US$197.39 per cwt the previous week, and up 8.3 per cent from US$182.43 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending October 13, 2017 averaged US$111.31 per cwt, down US$2.99 per cwt or 2.6 per cent from US$114.30 per cwt the previous week, and down 7.2 per cent from US$119.91 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

The USDA released the October World Agricultural Supply and Demand Estimates (WASDE) on October 12th. The October USDA WASDE report revised the 2017 United States Red Meat and Poultry production estimates slightly higher to 100.586 billion lb., from 100.449 billion lb. in the September estimates. U.S. meat production for 2017 is projected to increase 3.0 per cent from 97.612 billion lb. produced in 2016.

The October pork production estimates for 2017 were estimated at 25.826 billion lb., down slightly from the September estimates, but overall 3.6 per cent higher than 2016 U.S. pork production.

USDA October World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
2016	**Annual**	**25,221**	**24,941**	**40,695**	**5,981**	**97,612**
% Chg.	**2015-2016**	**6.43%**	**1.80%**	**1.62%**	**6.29%**	**3.15%**
2017	Sept. Proj.	26,559	25,841	41,290	5,998	100,449
2017	**Oct. Proj.**	**26,549**	**25,826**	**41,440**	**6,008**	**100,586**
% Chg.	Sept. to Oct.	-0.04%	-0.06%	0.36%	0.17%	0.14%
% Chg.	**2016 to 2017**	**5.27%**	**3.55%**	**1.83%**	**0.45%**	**3.05%**

Source: USDA October WASDE Report, October 12, 2017

The United States meat production increases for 2017 (by percentage increase) are projected to come from beef (+5.3%), pork (+3.6%), and broilers (+1.8%). Production estimates for beef in the October estimates declined slightly from the September estimates reflecting a smaller weighted carcass. Pork production was projected slightly lower from the September estimates on lower commercial hog slaughter numbers. (Source: USDA WASDE)

United States current crop projections for October have projected the harvested corn acreage at 83.1 million acres, down from 86.7 million acres the previous year, and down 400,000 acres from the September estimates. However, corn yields were estimated at 171.8 bushels/acre, up 1.9 bushels/acre from 169.9 bushels/acre in the September estimates. USDA corn production was estimated at 14.280 billion bushels, up 96 million bushels from the September estimates, but down 868 million bushels or 5.7 per cent from the previous year. While beginning corn stock estimates were reduced to 2.295 billion bushels and corn usage estimates increased; higher corn production will cause ending corn stocks to slightly increase to 2.340 billion bushels; compared to 2.335 billion bushels in the September estimates.

U.S. Soybean production for the October estimates were projected at 89.5 million acres harvested, up from 82.7 million acres the previous year, and up from 88.7 million acres from the September estimates. While estimated soybean harvested acreage was increased, soybean yield was reduced 0.4 bushels/acre leaving U.S. soybean production estimates unchanged from September at 4.431 billion bushels. Ending soybean stocks are projected to decline 45 million bushels from the September estimates from reduced imports; but still will be over 42 per cent higher than ending stocks of 301 million bushels a year ago.

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